

EXHIBIT A

Second Monthly Fee Application for the Period

July 1, 2001 through July 31, 2001

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	:	
	:	Chapter 11
	:	
W.R. GRACE & CO., et <u>al.</u> ,	:	Case No. 01-01139 (JJF)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	
	:	

SECOND APPLICATION OF THE BLACKSTONE GROUP
L.P. AS FINANCIAL ADVISOR TO THE DEBTORS AND
DEBTORS IN POSSESSION FOR ALLOWANCE OF
COMPENSATION FOR ACTUAL AND NECESSARY SERVICES
RENDERED AND FOR REIMBURSEMENT OF ALL
ACTUAL AND NECESSARY EXPENSES INCURRED
(FOR THE PERIOD JULY 1, 2001 THROUGH JULY 31, 2001)

SUMMARY SHEET

Name of Applicant:	THE BLACKSTONE GROUP L.P.	
Authorized to Provide Professional Services to:	Debtors	
Date of Retention Order:	June 22, 2001, effective April 2, 2001	
Period for which Compensation and reimbursement is sought:	July 1, 2001 – July 31, 2001	
Amount of compensation sought as actual, reasonable and necessary:	<u>Total</u> \$175,000.00	<u>Less Holdback (@20%)</u> \$35,000.00
Amount of reimbursement of expenses sought as actual, reasonable and necessary:	\$3,504.53	

This is a x monthly interim final application

Summary Table

Fee Application, Filing Date	Total Fees Requested	Amount of Holdback (20%)	Net Fees Requested	Total Expenses Requested	Objection Received/Deadline
First 4/2/2001 - 4/30/2001, 7/30/2001	\$169,166.67	\$33,833.33	\$135,333.33	\$0	None
First 5/1/2001 - 5/31/2001, 7/30/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$984.00	None
First 6/1/2001 - 6/30/2001, 7/30/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$6,679.95	None
Second 7/1/2001 - 7/31/2001, 8/27/2001	\$175,000.00	\$35,000.00	\$140,000.00	\$3,504.53	09/16/2001
TOTAL	\$694,166.67	\$138,833.33	\$555,333.33	\$11,168.48	

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I. Background

The Blackstone Group L.P. ("Blackstone") respectfully represents as follows:

1. Blackstone is financial advisor to the above-captioned debtors and debtors in possession (collectively, the "Debtors").

2. On April 2, 2001 (the "Petition Date"), the Debtors filed a voluntary petition for reorganization under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code"). The Debtors continue to operate their business and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. On April 2, 2001, the Debtors applied to the Court for an order authorizing them to retain Blackstone pursuant to an engagement agreement dated February 15, 2001 (the "Engagement Agreement") as their financial advisor, effective as of the Petition Date.

4. On June 22, 2001, the Court entered an order (the "Retention Order") authorizing the Debtors to employ Blackstone as their financial advisor effective as of the Petition Date pursuant to the terms of the Engagement Agreement.

5. Pursuant to the Order Under 11 U.S.C. §§ 105 (a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Official Committee Members ("Procedures"), Blackstone submits this second application (the "Second Application") for the monthly period July 1, 2001 through July 31, 2001 (the "Second Application Period").

6. Blackstone submits this Second Application (i) for allowance of reasonable compensation for actual and necessary professional services by it as financial advisor to the Debtors in these cases for the Second Application Period, and (ii) for reimbursement of actual and necessary expenses incurred in representing the Debtors during that same period. This Second Application is made pursuant to the provisions of sections 330 and 331 of the Bankruptcy Code, Rule 2016 of the Federal Rules of Bankruptcy Procedure, the Retention Order and Delaware Bankruptcy Local Rule 2016-2.

7. Professional services and expenses for which compensation and reimbursement are sought were rendered and expended on behalf of the Debtors pursuant to chapter 11 of the Bankruptcy Code. Blackstone believes it is appropriate that it be compensated for the time spent and be reimbursed for the expenses incurred in connection with these matters.

8. For the Second Application Period, Blackstone has provided professional services to the Debtors and incurred fees for such services totaling \$175,000.00. This represents Blackstone's monthly fee of \$175,000.00 for the period July 1, 2001 through July 31, 2001. For

the Second Application Period, Blackstone has incurred actual and necessary expenses in connection therewith totaling \$3,504.53. With respect to these specific amounts, Blackstone has received no payments as of the date of the Second Application.

9. As was set out in the Application of the Debtors for Entry of an Order Pursuant to 11 U.S.C. §§ 327(a) and 328(a) and Fed. R. Bankr. P. 2014(a), 2016 and 5002 Authorizing the Employment and Retention of the Blackstone Group L.P. as Financial Advisor to the Debtors and Debtors in Possession (the "Retention Application"), Blackstone provided advisory services to the Debtors prior to the Petition Date. Specifically, Blackstone served as financial advisor to the Debtors since February 2001.

II. The Blackstone Engagement

10. On April 2, 2001, the Debtors applied to the Court for an order authorizing them to retain Blackstone pursuant to the Engagement Agreement as their financial advisor effective as of April 2, 2001, the petition date (the "Effective Date"). Specifically, Blackstone was retained as Financial Advisor to provide the following professional services:

- (a) Assist in the evaluation of the Debtors' businesses and prospects;
- (b) Assist in the development of the Debtors' long-term business plan;
- (c) Analyze the Debtors' financial liquidity and financing requirements;
- (d) Assist in the estimation of asbestos claims including the preparation of an estimation model for payments and costs and the analyses of payment and funding scenarios;
- (e) Evaluate the Debtors' debt capacity and alternative capital structures;
- (f) Develop valuation, debt capacity and recovery analyses in connection with developing and negotiating a potential Restructuring;

- (g) Analyze various restructuring scenarios and the potential impact of these scenarios on the value of the Debtor and the recoveries of stakeholders impacted by the Restructuring;
- (h) Develop a negotiating strategy and assist in negotiations with the Debtors' creditors and other interested parties with respect to a potential Restructuring;
- (i) Value securities offered by the Debtor in connection with a Restructuring;
- (j) Make presentations to the Debtors' Board of Directors, creditor groups or other interested parties, as appropriate;
- (k) Provide expert witness testimony, as requested; and,
- (l) Provide such other advisory services as are customarily provided in connection with the analysis and negotiation of a Restructuring, as requested and mutually agreed.

11. Pursuant to the Engagement Agreement, the Debtors agreed to pay Blackstone the following fees in consideration for services to be rendered:

- (a) A monthly advisory fee (the "Monthly Fee") in the amount of \$175,000, with the first payment of such Monthly Fee payable upon the effective date and additional installments of such Monthly Fee payable in advance on monthly anniversaries of the effective date; and
- (b) A \$5,000,000 Restructuring Fee paid upon consummation of a Restructuring (as defined in the Engagement Agreement).

Furthermore, pursuant to the Engagement Agreement, the Debtors agreed to reimburse Blackstone for the reasonable and documented out-of-pocket expenses incurred by Blackstone in rendering the services to be provided under the Engagement Agreement.

12. For financial advisory services provided to the Debtors during the Second Application Period, Blackstone respectfully requests (a) approval of \$178,504.53 consisting of (i) monthly fees in the amount of \$175,000.00 and (ii) reimbursement of out-of-pocket expenses in the amount of \$3,504.53; and (b) authorization for the Debtors to pay Blackstone's approved fees and expenses in the amount of \$143,504.53 consisting of (i) monthly fees in the net amount

of \$140,000.00, representing total monthly fees of \$175,000.00, less a 20% holdback pursuant to the interim compensation procedures, and (ii) out-of-pocket expenses referred to in (a) above.

III. The Blackstone Team

13. The financial services set forth above were performed primarily by Pamela Zilly – Senior Managing Director; Richard Shinder – Vice President; David Blechman – Associate; and Michael Alexander – Analyst:

- (a) Pamela Zilly: Pamela Zilly is a Senior Managing Director of Blackstone. Prior to joining Blackstone Ms. Zilly was a Vice President of Chemical Bank where she divided her time between the Mergers and Acquisitions Group and the Restructuring and Reorganization Group. Since joining Blackstone, Ms. Zilly has provided services to debtors and creditors in both formal and informal restructuring engagements.
- (b) Richard Shinder: Richard Shinder is a Vice President of Blackstone. Prior to joining Blackstone Mr. Shinder was a Vice President at Lehman Brothers in its Leveraged Finance group. He has worked on a number of debtor and creditor restructuring engagements since joining Blackstone in 2000.
- (c) David Blechman: David Blechman is an Associate of Blackstone. Mr. Blechman joined Blackstone in July 2000 after receiving his M.B.A. with honors from Columbia Business School.
- (d) Michael Alexander: Michael Alexander is an Analyst of Blackstone. Mr. Alexander joined Blackstone in July 1999 after graduating from the McIntire School of Commerce at the University of Virginia.

IV. Summary – Second Monthly Fee Application

14. The major services provided by Blackstone during this compensation period have included: (i) assisting with negotiating confidentiality agreements with advisors to the Official Unsecured Creditors' Committee and the Asbestos Property Damages Committee; (ii) assisting with the performance of due diligence by these advisors; (iii) assisting the Debtors in the development of a business plan; (iv) assisting the Debtors with issues surrounding court motions;

(v) providing quantitative and qualitative analysis in support of the Debtors' planned acquisitions; (vi) assisting the Debtors with structuring retention and incentive compensation plans in the Chapter 11 proceedings; and (vii) providing general consultation and other bankruptcy and business advice.

15. Blackstone respectfully submits that the compensation requested for the Second Application Period for services rendered by Blackstone to the Debtors is fully justified and reasonable based upon (a) the time and labor required during the proceedings, (b) the complexity of the issues presented, (c) the skills necessary to perform the financial advisory services properly, (d) the preclusion of other employment, (e) the customary fees charged to clients in non-bankruptcy situations for similar services rendered, (f) time constraints required by the exigencies of the case, and (g) the experience, reputation and ability of the professionals rendering services.

16. Blackstone respectfully submits that the services it has rendered to the Debtors have been necessary and in the best interests of the Debtors and the estate and have furthered the goals of all parties in interest. Blackstone respectfully submits that under all of the criteria normally examined in Chapter 11 reorganization cases, the compensation requested by Blackstone is reasonable in light of the work performed by Blackstone to date in these cases.

17. The amount of the fees and expenses sought in this Second Application and Blackstone's billing processes are consistent with market practices in a bankruptcy context. Blackstone has never billed its clients based on the number of hours expended by its professionals. Accordingly, Blackstone does not have hourly rates for its professionals, and Blackstone's professionals generally do not maintain detailed time records of the work performed for clients. In the Debtors' case, however, Blackstone has recorded time records in

one-half hour increments. Time records of the approximately 354.5 hours expended by Blackstone professionals in providing financial advisory and investment banking services to the Debtors during the Second Application Period are provided in Exhibit A by professional.

18. Blackstone respectfully requests allowance of its out-of-pocket expenses incurred during the Second Application Period in connection with its performance of services for the Debtors in the aggregate amount of \$3,504.53. Due to the lag in receiving invoices from certain third-party service firms, Blackstone is unable, at this time, to account for all expenses incurred during the Second Application Period. Ensuing compensation periods will include certain out-of-pocket expenses incurred in the Second Application Period but not included in the Second Application for relief. Details of the expenses incurred during the Second Application Period are provided in Exhibit B. Blackstone's charges for expenses to the Debtors are determined in the same manner as for clients in non-bankruptcy matters. Out-of-pocket expenses incurred by Blackstone are charged to a client if the expenses are incurred for the client or are otherwise necessary in connection with services rendered for such particular client. Blackstone does not factor general overhead expenses into any disbursements charged to its clients in connection with Chapter 11 cases. Blackstone has followed its general internal policies with respect to out-of-pocket expenses billed to the Debtors as set forth below, with any exceptions specifically explained.

- (a) Blackstone's general policy permits its employees to bill lunch or dinner meals to a client if the employee is required to provide services to the client during such meal-time due to extreme time constraints. Blackstone employees are permitted to order meals in the office if the Blackstone employee is required to work after 8:00 p.m. Blackstone has voluntarily capped meal expenses at \$20.00 per meal.
- (b) Messengers, couriers, or overnight delivery are used by Blackstone to deliver hard copy documents relating to the client matter which require receipt on an expedited basis; otherwise, Blackstone uses the regular postal system. Any

charges for either messengers, couriers, or overnight delivery are billed to a client at cost.

- (c) The outside financial research category consists of charges from outside services which supply, for a fee, financial documents to Blackstone. Financial research services generally consist of the retrieval of financial documents from regulatory agencies.
- (d) Blackstone bills photocopying charges at the rate of \$0.15 per page.
- (e) With respect to local travel, Blackstone's general policy enables employees to travel by private car service or taxi to and from meetings while rendering services to a client on a client related matter, for which the client is charged. This policy is based on Blackstone's determination that travel by private car service or taxi is the most efficient use of a professional's time. Blackstone employees are not permitted to charge personal commuting expenses to a client unless, for safety reasons, the employee is traveling after 8:00 p.m. and has been required to work late as a result of the time exigencies of that client's matters.
- (f) Blackstone bills its clients for time spent by its employees on its word processing system. The word processing system automatically allocates time to a client based upon the operator's "log-in" by a client matter number. Clients are charged at the personnel cost of \$70.00 per hour for the actual amount of time spent by the operator while rendering word processing services to the client; however, when word processing services are being used after normal business hours, the client is not billed for both an overtime charge and a word processing charge.
- (g) Blackstone bills outgoing facsimile charges at a rate of \$1.00 per page. Blackstone does not bill incoming facsimile charges.

19. Blackstone respectfully submits that the expenses for which it seeks allowance during the Second Application Period are necessary and reasonable both in scope and amount.

20. No prior application for the relief requested herein has been made.

21. All services for which compensation is requested by Blackstone were performed for and on behalf of the Debtors and not on behalf of any other person or stakeholder.

22. No agreement or understanding exists between Blackstone and any other entity for the sharing of compensation received or to be received for services rendered in or in connection with these proceedings.

23. Blackstone respectfully represents that its Second Application is in keeping with similar applications for the payment of administrative expenses in other cases.

Dated: New York, New York
August 23, 2001

THE BLACKSTONE GROUP L.P.
Financial Advisor to W.R. Grace &
Co.

By: Pamela Zilly

Pamela Zilly
Senior Managing Director
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New York, NY 10154
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(212) 583-5707 (fax)

EXHIBIT A

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS FOR W.R. GRACE AND CO.
JULY 1, 2001 - JULY 31, 2001**

Professional	Title	Hours
Pamela Zilly	Senior Managing Director	82.0
Richard Shinder	Vice President	67.5
David Blechman	Associate	134.0
Michael Alexander	Analyst	71.0
		<u><u>354.5</u></u>

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001**

Professional	Date	Hours	Explanation
Pamela Zilly	07/01/01	2.0	Review compensation program and prepare analysis
Pamela Zilly	07/01/01	1.5	Draft memo re: EV program
Pamela Zilly	07/02/01	1.0	Call with R. Shinder, D. Blechman re: compensation analysis
Pamela Zilly	07/02/01	0.5	Call with M. Piergrossi re: compensation analysis'
Pamela Zilly	07/03/01	1.0	Call with R. Shinder, D. Blechman re: compensation analysis
Pamela Zilly	07/03/01	1.5	Reviewed prepared analysis re: compensation programs
Pamela Zilly	07/03/01	0.5	Call with M. Piergrossi re: compensation programs
Pamela Zilly	07/03/01	0.5	Call with D. Blechman, Policano & Manzo re: due diligence requests
Pamela Zilly	07/06/01	0.5	Call with R. Shinder, D. Blechman, M. Piergrossi re: compensation programs
Pamela Zilly	07/09/01	2.0	Review Memorandum in support of bar date, notice program exhibits
Pamela Zilly	07/09/01	0.5	Calls with creditors re: NYTimes story
Pamela Zilly	07/09/01	1.0	Call with R. Shinder, D. Blechman, K. Coghlan, et al re: Project Chi
Pamela Zilly	07/09/01	0.5	Call with F. Gilbert re: Creditor calls
Pamela Zilly	07/09/01	0.5	Call with K. Coghlan re: creditor calls
Pamela Zilly	07/09/01	0.5	Follow-up call with K. Coghlan re: CHI process
Pamela Zilly	07/09/01	1.0	Meeting with R. Shinder, D. Blechman re: Business Plan
Pamela Zilly	07/10/01	1.0	Restructuring working group call re: legal motions
Pamela Zilly	07/10/01	1.5	Read filed version of bar date notice and program
Pamela Zilly	07/10/01	1.5	Read and provide comments on draft Business Plan sections
Pamela Zilly	07/10/01	0.5	Discussions with K. Coghlan, T. Dondero re: CHI process
Pamela Zilly	07/11/01	1.0	Read May 2001 Trustee MOR
Pamela Zilly	07/11/01	0.5	Read ACC motion re: Document repository
Pamela Zilly	07/11/01	1.0	Read documents re: CHI
Pamela Zilly	07/12/01	1.0	Discussions with K. Coghlan re: CHI presentation
Pamela Zilly	07/12/01	1.0	Work on Chi presentation
Pamela Zilly	07/13/01	0.5	Provide comments on Peter press release
Pamela Zilly	07/13/01	1.0	Review detailed backup to compensation programs
Pamela Zilly	07/17/01	1.0	Meeting with D. Blechman re: compensation analysis - required information
Pamela Zilly	07/17/01	0.5	Read Debtors' opposition motion to prosecution of fraudulent transfer claims
Pamela Zilly	07/17/01	2.0	Continue review of GPC strategic, operating plans re: Business Plan
Pamela Zilly	07/18/01	1.5	Read motions, objections re: preliminary injunction, settled claims, fraudulent transfers
Pamela Zilly	07/18/01	2.5	Prepare draft presentation re: compensation program

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001**

Professional	Date	Hours	Explanation
Pamela Zilly	07/18/01	2.5	Read draft sections of Business plan; provide comments
Pamela Zilly	07/18/01	2.0	Continue review of GPC plans re: business plan assumptions
Pamela Zilly	07/18/01	1.0	Read Committees' MOR
Pamela Zilly	07/18/01	0.5	Call with K. Coghlan re: case issues
Pamela Zilly	07/20/01	1.0	Review Project Betty information re: subsequent call
Pamela Zilly	07/20/01	2.0	Call re Project Betty with P. Norris, K. Coghlan, et al.
Pamela Zilly	07/20/01	2.0	Call with P. Norris, B. Tarola, K. Coghlan re: business plan format, update
Pamela Zilly	07/20/01	0.5	Call to prepare for P&M meeting with R. Tarola, F. Gilbert, S. Farnsworth, R. Shinder
Pamela Zilly	07/23/01	3.0	Continue review of Division plans re: business plan
Pamela Zilly	07/23/01	1.0	Read motions re: case management order, exclusivity extension
Pamela Zilly	07/23/01	0.5	Call with K. Coghlan re: meeting schedules
Pamela Zilly	07/24/01	1.0	Restructuring Working Group Call
Pamela Zilly	07/24/01	2.0	Meeting with R. Shinder, D. Blechman re: financial assumptions to projections
Pamela Zilly	07/24/01	0.5	Call with B. McGowan re: options
Pamela Zilly	07/25/01	3.0	Analysis of business plan projections assumptions
Pamela Zilly	07/25/01	1.5	Calls with F. Gilbert, K. Coghlan re: P&M due diligence meetings, items to be reviewed
Pamela Zilly	07/25/01	0.5	Call with P. Norris re: other asbestos cases
Pamela Zilly	07/25/01	2.5	Travel to Columbia; review items to be discussed
Pamela Zilly	07/26/01	1.0	Pre meeting with Gilbert, Tarola, Coghlan
Pamela Zilly	07/26/01	5.0	Meeting with Treasury, B. Tarola, S. Cunningham re: due diligence items
Pamela Zilly	07/26/01	2.0	Meetings with K. Coghlan, B. McGowan re: compensation programs, acquisitions
Pamela Zilly	07/26/01	2.5	Travel to New York
Pamela Zilly	07/27/01	1.0	Call with B. Tarola, F. Gilbert, K. Coghlan re: presentation format of business plan numbers
Pamela Zilly	07/27/01	0.5	Call with S. Cunningham re: confidentiality issues
Pamela Zilly	07/27/01	1.5	Update draft presentation re: comp program
Pamela Zilly	07/27/01	0.5	Calls with F. Gilbert re: additional due diligence
Pamela Zilly	07/27/01	0.5	Call with K. Coghlan re: meeting, business plan, call's agendas
Pamela Zilly	07/27/01	1.0	Meeting with R. Shinder: due diligence visits, options, Business Plan
Pamela Zilly	07/27/01	1.5	Analysis of equity participation in PORs
Pamela Zilly	07/29/01	3.0	Read draft business plan
Pamela Zilly	07/30/01	0.5	Call with S. Schwartz re: Committee confidentiality issues
Pamela Zilly	07/30/01	0.5	Read motion re: extension of exclusivity, hearing agenda

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001

Professional	Date	Hours	Explanation
Pamela Zilly	07/31/01	1	Call with R. Shinder re: option analysis
		<u>82.0</u>	

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001

Professional	Date	Hours	Explanation
Richard Shinder	07/02/01	1.0	Call with P. Zilly, D. Blechman re compensation analysis
Richard Shinder	07/03/01	1.0	Call with P. Zilly, D. Blechman re compensation analysis
Richard Shinder	07/05/01	0.5	Review of financial advisor CAs
Richard Shinder	07/05/01	0.5	Conversation with D. Blechman re: status of business plan
Richard Shinder	07/05/01	0.5	Call with G. Boyer (Conway, Del Genio) re: Project Peter
Richard Shinder	07/05/01	0.5	Call with K. Coghlan re: attorneys' fees
Richard Shinder	07/06/01	1.0	Work on modifications to business plan and inputs
Richard Shinder	07/06/01	1.0	Work on P&M information request and prep for meeting week of 7/23
Richard Shinder	07/06/01	0.5	Call with K. Coghlan re: attorneys' fees
Richard Shinder	07/06/01	0.5	Call with P. Zilly, D. Blechman, M. Piergrossi re: compensation programs
Richard Shinder	07/09/01	0.5	Call with S. Cunningham re: P&M meeting week of 7/23
Richard Shinder	07/09/01	1.0	Review of business plan draft
Richard Shinder	07/09/01	1.0	Meeting with P. Zilly, D. Blechman re: business plan
Richard Shinder	07/09/01	0.5	Meeting with D. Blechman, M. Alexander re: business plan
Richard Shinder	07/09/01	1.0	Call with P. Zilly, D. Blechman, K. Coghlan, GPC management re: Project Chi
Richard Shinder	07/11/01	4.0	Transit to meeting in Cambridge, MA re: GPC business plan
Richard Shinder	07/11/01	5.5	Meeting with GPC managers re: draft of business plan
Richard Shinder	07/11/01	3.0	Transit from meeting in Cambridge, MA re: GPC business plan
Richard Shinder	07/12/01	0.5	Call with P&M re: meeting in Columbia, MD week of 7/23
Richard Shinder	07/12/01	1.0	Work on Chi presentation
Richard Shinder	07/13/01	3.5	Transit to meeting in Columbia, MD re: Davison business plan
Richard Shinder	07/13/01	5.0	Meeting with Davison managers re: draft of business plan
Richard Shinder	07/13/01	2.5	Transit from meeting in Columbia, MD re: Davison business plan
Richard Shinder	07/15/01	3.0	Rewrite executive summary of business plan
Richard Shinder	07/19/01	1.5	Review of business plan
Richard Shinder	07/19/01	2.0	Edits to business plan
Richard Shinder	07/20/01	2.0	Call re Project Betty with P. Norris, K. Coghlan, et al.
Richard Shinder	07/20/01	0.5	Call to prepare for P&M meeting with R. Tarola, F. Gilbert, S. Farnsworth, P. Zilly
Richard Shinder	07/20/01	2.0	Call to discuss business plan with P. Zilly, P. Norris, R. Tarola, D. Siegel, et al
Richard Shinder	07/23/01	2.0	Work on fee application
Richard Shinder	07/24/01	2.0	Review of, and edits to, business plan

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001**

Professional	Date	Hours	Explanation
Richard Shinder	07/24/01	0.5	Call with F. Gilbert re: P&M meeting
Richard Shinder	07/24/01	2.0	Meeting with P. Zilly, D. Blechman re: financial assumptions to Business Plan
Richard Shinder	07/26/01	2.0	Review and provide comments to business plan
Richard Shinder	07/27/01	1.0	Call with R. Tarola, F. Gilbert, K. Coghlan, P. Zilly re: financial reporting and business plan presentation
Richard Shinder	07/27/01	0.5	Call with G. Poling, K. Coghlan re: Silicas section of business plan
Richard Shinder	07/27/01	1.5	Work on fee application
Richard Shinder	07/30/01	2.0	Work on business plan executive summary
Richard Shinder	07/30/01	1.0	Meeting with P. Zilly: due diligence visits, options, Business Plan
Richard Shinder	07/30/01	2.0	Work on option analysis
Richard Shinder	07/31/01	0.5	Call with B. McGowan re: option analysis
Richard Shinder	07/31/01	1.0	Call with S. Farnsworth, D. Blechman re: business plan status
Richard Shinder	07/31/01	1.5	Review and edit business plan sections
Richard Shinder	07/31/01	1.0	Call with P. Zilly re: options
		<u>67.5</u>	

THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001

Professional	Date	Hours	Explanation
David Blechman	07/02/01	3.5	Review/drafting of business plan
David Blechman	07/02/01	0.5	Call with E. Edmunds re: business plan
David Blechman	07/02/01	4.5	Analysis of employee compensation
David Blechman	07/02/01	1.0	Call with P. Zilly, R. Shinder re compensation analysis
David Blechman	07/03/01	4.0	Analysis of compensation plans analysis
David Blechman	07/03/01	1.0	Call with P. Zilly, R. Shinder re compensation analysis
David Blechman	07/03/01	0.5	Call with P. Zilly, S. Cunningham re: due diligence list
David Blechman	07/03/01	2.0	Calls with M. Piergrossi re: compensation plans
David Blechman	07/03/01	2.0	Review/drafting of business plan
David Blechman	07/03/01	0.5	Call with E. Edmunds re: business plan
David Blechman	07/04/01	7.0	Worked on business plan
David Blechman	07/05/01	0.5	Conversation with R. Shinder re: status of business plan
David Blechman	07/05/01	4.0	Review/drafting of business plan
David Blechman	07/06/01	0.5	Call with P. Zilly, R. Shinder, M. Piergrossi re: compensation programs
David Blechman	07/06/01	6.0	Review/drafting of business plan
David Blechman	07/08/01	15.0	Review/drafting of business plan
David Blechman	07/09/01	0.5	Call with S. Farnsworth re: business plan
David Blechman	07/09/01	1.0	Meeting with P. Zilly, R. Shinder re: same
David Blechman	07/09/01	0.5	Meeting with R. Shinder, M. Alexander re: business plan
David Blechman	07/09/01	1.0	Call with P. Zilly, R. Shinder, K. Coghlan, et al re: Project Chi
David Blechman	07/11/01	1.0	Reviewed draft of business plan
David Blechman	07/11/01	4.0	Transit to Cambridge, MA re GPC business plan
David Blechman	07/11/01	5.5	Meeting with R. Rowen, GPC managers re: draft of business plan
David Blechman	07/11/01	3.0	Transit from Cambridge, MA re GPC business plan, reviewed retention plan documents
David Blechman	07/11/01	1.0	Reviewed project Chi memorandum
David Blechman	07/12/01	2.0	Call with R. Rowan, SCC mgr re: business plan
David Blechman	07/13/01	3.5	Transit to Columbia, MD; prepared for meeting re: business plan
David Blechman	07/13/01	5.0	Meeting in Columbia re: business plan
David Blechman	07/13/01	2.5	Transit from Columbia, MD, Review/drafting of business plan
David Blechman	07/15/01	4.0	Review/drafting of business plan
David Blechman	07/16/01	5.0	Review/drafting of business plan
David Blechman	07/17/01	2.5	Prepared first fee application

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001**

Professional	Date	Hours	Explanation
David Blechman	07/17/01	1.0	Meeting with P. Zilly re: information to complete compensation analysis
David Blechman	07/18/01	6.0	Worked on business plan
David Blechman	07/19/01	6.0	Continued work on business plan; prepared draft to send out
David Blechman	07/20/01	2.0	Call with P. Norris, B. Tarola, K. Coghlan re: business plan format
David Blechman	7/20/01	2.0	Discussion with P. Zilly, R. Shinder re: financial projection assumptions
David Blechman	07/25/01	0.5	Call with K. Coghlan re: business plan
David Blechman	07/25/01	2.5	Review/drafting of business plan
David Blechman	07/26/01	3.0	Continued preparation of first fee application
David Blechman	07/27/01	2.5	Transit to Columbia, MD
David Blechman	07/27/01	4.5	Meetings with P&M re: due diligence requests, and transfer pricing
David Blechman	07/27/01	1.0	Call with R. Tarola, F. Gilbert, K. Coghlan, re: financial reporting and business plan presentation
David Blechman	07/27/01	2.5	Transit return from Columbia, MD
David Blechman	07/30/01	3.0	Review/drafting of business plan
David Blechman	07/31/01	1.0	Review/drafting of business plan
David Blechman	07/31/01	1.0	Call with S. Farnsworth and R. Shinder re: business plan
David Blechman	07/31/01	1.0	Call with T. Higgins re: business plan
		<u>134.0</u>	

**THE BLACKSTONE GROUP L.P.
SUMMARY OF HOURS
JULY 1, 2001 - JULY 31, 2001**

Professional	Date	Hours	Explanation
Michael Alexander	07/02/01	3.5	Worked on Business Plan
Michael Alexander	07/03/01	5.5	Worked on Business Plan
Michael Alexander	07/05/01	0.5	Conversation with R. Shinder, D. Blechman re. Status of business plan
Michael Alexander	07/05/01	1.0	Call with M. Blaze re. business plan
Michael Alexander	07/05/01	6.5	Worked on Business Plan
Michael Alexander	07/06/01	6.0	Worked on Business Plan
Michael Alexander	07/08/01	3.5	Worked on business plan
Michael Alexander	07/09/01	0.5	Call with S. Farnsworth, D. Blechman re: business plan
Michael Alexander	07/09/01	0.5	Meeting with R. Shinder, D. Blechman re: business plan
Michael Alexander	07/11/01	1.0	Reviewed draft of business plan
Michael Alexander	07/13/01	2.5	Prepared for meeting in Columbia re: business plan
Michael Alexander	07/13/01	5.0	Meeting in Columbia re: business plan
Michael Alexander	07/13/01	1.0	Worked on business plan
Michael Alexander	07/16/01	3.0	Prepared first fee application
Michael Alexander	07/17/01	7.5	Drafting of SBM, Darex, and Vermiculite sections of business plan
Michael Alexander	07/18/01	6.0	Worked on business plan
Michael Alexander	07/19/01	4.5	Continued work on business plan; prepared draft to send out with D. Blechman
Michael Alexander	07/25/01	0.5	Call with K. Coghlan, D. Blechman re: business plan
Michael Alexander	07/25/01	2.5	Worked on business plan
Michael Alexander	07/25/01	1.0	Reviewed and prepared fee application
Michael Alexander	07/30/01	3.0	Analysis of various PORs re: equity participation
Michael Alexander	07/30/01	3.0	Drafted business plan with new input from Company
Michael Alexander	07/31/01	1.0	Worked on business plan
Michael Alexander	07/31/01	1.0	Call with S. Farnsworth, R. Shinder, D. Blechman re: business plan
Michael Alexander	07/31/01	1.0	Call with T. Higgins, D. Blechman re: business plan
		<u>71.0</u>	

EXHIBIT B

W.R. GRACE
Expense Summary
Processed Through
July 30, 2001
2463-D

		GL Detail		Total
		Jul-01		Expenses
Airfare	1114	\$ 1,735.25	\$	1,735.25
Car Services - Company Car	1115	34.68		34.68
Car Services - Elite	1116	70.35		70.35
Other - Auto	1124	552.00		552.00
Meals	1126	220.14		220.14
Lodging	1130	570.13		570.13
Telephone - Mobile	1172	32.30		32.30
Federal Express	1174	30.08		30.08
Photocopying	1188	259.60		259.60
Total Expenses		\$ 3,504.53	\$	3,504.53
		Airfare & Travel/Local	\$	2,392.28
		Meals & Lodging		790.27
		Communications		62.38
		Photocopying		259.60
		Total Expenses	\$	3,504.53

W.R. GRACE
Expense Detail
Processed Through
July 31, 2001
2463-D

Airfare

Blechman	06/12/01	420.75	
Blechman	06/15/01	251.75	
Shinder	04/11/01	405.50	
Shinder	04/20/01	405.50	
Shinder	06/14/01	251.75	
		<hr/>	
Subtotal - Airfare			\$ 1,735.25

Car Services**Company Car**

Document Production	05/16/01	34.68	
		<hr/>	
Subtotal - Company Car			34.68

Elite

Document Production	05/16/01	21.41	
Shinder	05/31/01	24.47	
Shinder	06/29/01	24.47	
		<hr/>	
Subtotal - Elite			70.35

Subtotal - Car Services **105.03**

Other Auto

Shinder	05/01/01	170.00	
Shinder	06/13/01	382.00	
		<hr/>	
Subtotal - Other Auto			552.00

Meals

Alexander	04/10/01	20.00
Alexander	04/13/01	20.00
Alexander	05/02/01	15.61
Alexander	05/04/01	20.00
Alexander	05/08/01	13.64
Alexander	05/15/01	13.37
Alexander	05/16/01	19.18
Blechman	06/14/01	16.15

W.R. GRACE
Expense Detail
Processed Through
July 31, 2001
2463-D

Shinder	04/04/01	20.00	
Shinder	04/05/01	20.00	
Shinder	04/10/01	20.00	
Shinder	06/01/01	13.26	
Shinder	06/08/01	8.93	
Subtotal - Meals			220.14

Lodging

Blechman	06/15/01	167.89	
Shinder	05/03/01	106.92	
Shinder	05/04/01	149.92	
Zilly	06/15/01	145.40	
Subtotal - Lodging			570.13

Communications**Telephone - Mobile**

Shinder	04/16/01	32.30	
Subtotal - Telephone - Mobile			32.30

Federal Express

Blechman	06/20/01	1.13	
Shinder	07/09/01	28.95	
Subtotal - Federal Express			30.08

Subtotal - Communications **62.38**

Photocopying

Blechman	4/2-6/01	93.60	
Zilly	5/14-18/01	55.60	
Zilly	5/14-18/01	110.40	
Subtotal - Photocopying			259.60

Total Expenses **\$ 3,504.53**